

105th Congress, 1st Session — — — — — House Document 105–130

**PROPOSED LEGISLATION: “EXPORT EXPANSION AND
RECIPROCAL TRADE AGREEMENTS ACT OF 1997”**

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A DRAFT OF PROPOSED LEGISLATION TO ESTABLISH PROCEDURES FOR NOTICE, CONSULTATIONS, AND IMPLEMENTATION WITH REGARD TO CERTAIN TRADE AGREEMENTS, AND FOR OTHER PURPOSES.



SEPTEMBER 16, 1997.—Message and accompanying papers referred to the Committees on Ways and Means and Rules, and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

39–011

WASHINGTON : 1997

To the Congress of the United States:

I am pleased to transmit a legislative proposal entitled the "Export Expansion and Reciprocal Trade Agreements Act of 1997." Also transmitted is a section-by-section analysis.

This proposal would renew over 60 years of cooperation between the Congress and the executive branch in the negotiation and implementation of market-opening trade agreements for the benefit of American workers and companies.

The sustained, robust performance of our economy over the past 5 years is powerful proof that congressional-executive cooperation works. We have made great strides together. We have invested in education and in health care for the American people. We have achieved an historic balanced budget agreement. At the same time, we have put in place trade agreements that have lowered barriers to American products and services around the world.

Our companies, farms, and working people have responded. Our economy has produced more jobs, more growth, and greater economic stability than at any time in decades. It has also generated more exports than ever before. Indeed, America's remarkable economic performance over the past 5 years has been fueled in significant part by the strength of our dynamic export sector. Fully 96 percent of the world's consumers live outside the United States. Many of our greatest economic opportunities today lie beyond our borders. The future promises still greater opportunities.

Many foreign markets, especially in the developing world, are growing at tremendous rates. Latin American and Asian economies, for example, are expected to expand at three times the rate of the U.S. economy over the coming years. Consumers and industries in these countries prize American goods, farm products, services, and the many expressions of American inventiveness and culture. While America is the world's greatest exporting nation, we need to do more if we want to continue to expand our own economy and produce good, high-wage jobs.

We have made real progress in breaking down barriers to American products around the world. But many of the nations with the highest growth rates almost invariably impose far higher trade barriers than we do. We need to level the playing field with those countries. They are the nations whose markets hold the greatest potential for American workers, firms, and agricultural producers.

Today, the United States is the world's strongest competitor. The strength of the U.S. economy over the past several years is testimony to the creativity, productivity, and ingenuity of American firms and workers. We cannot afford to squander our great advantages by retreating to the sidelines and watching other countries conclude preferential trade deals that shut out our goods and services. Over 20 such agreements have been concluded in Latin America and Asia alone since 1992. The United States must continue to

shape and direct world trading rules that are in America's interest and that foster democracy and stability around the globe.

I have pledged my Administration to this task, but I cannot fully succeed without the Congress at my side. We must work in partnership, together with the American people, in securing our country's future. The United States must be united when we sit down at the negotiating table. Our trading partners will only negotiate with one America—not first with an American President and next with an American Congress.

The proposal I am sending you today ensures that the Congress will be a full partner in setting negotiating objectives, establishing trade priorities, and in gaining the greatest possible benefits through our trade agreements. The proposal expands upon previous fast-track legislation to ensure that the Congress is fully apprised and actively consulted throughout the negotiating process. I am convinced that this collaboration will strengthen both America's effectiveness and leverage at the bargaining table.

Widening the scope of consultations will also help ensure that we will take all of America's vital interests into account. That is particularly important because today our trade agreements address a wider range of activities than they once did. As we move forward with our trade agenda, we must continue to honor and reinforce the other values that make America an example for the world. I count chief among these values America's longstanding concern for the rights of workers and for protection of the environment. The proposal I am transmitting to you recognizes the importance of those concerns. It makes clear that the agreements we conclude should complement and reinforce those values.

Ever since President Franklin Roosevelt proposed and the Congress enacted America's first reciprocal trade act in the depths of the Great Depression, the Congress and the President have been united, on a bipartisan basis, in supporting a fair and open trading system. Our predecessors learned from direct experience the path of America's prosperity. We owe much of our own prosperity to their wisdom. I urge the Congress to renew our longstanding partnership by approving the proposal I have transmitted today.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 16, 1997.*

A BILL

To establish procedures for notice, consultations, and implementation with regard to certain trade agreements, and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

1 **SECTION. 1. SHORT TITLE.**

2 This Act may be cited as the “Export Expansion and
3 Reciprocal Trade Agreements Act of 1997”.

4 **SEC. 2. TRADE NEGOTIATING OBJECTIVES.**

5 (a) OVERALL TRADE NEGOTIATING OBJECTIVES. - The
6 overall trade negotiating objectives of the United States for
7 agreements subject to the provisions of section 3 are -

8 (1) to obtain more open, equitable, and reciprocal
9 market access;

10 (2) to obtain the reduction or elimination of barriers
11 and distortions that are directly related to trade and
12 decrease market opportunities for United States exports or

1 distort United States trade;

2 (3) to further strengthen the system of international
3 trading disciplines and procedures, including dispute
4 settlement;

5 (4) to foster economic growth, raise living
6 standards, and promote full employment in the United
7 States and to enhance the global economy; and

8 (5) to address those aspects of foreign government
9 policies and practices regarding labor, the environment,
10 and other matters that are directly related to trade and
11 decrease market opportunities for United States exports or
12 distort United States trade.

13 (b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES. -

14 (1) TRADE BARRIERS AND DISTORTIONS. - The
15 principal negotiating objectives of the United States
16 regarding trade barriers and other trade distortions are to
17 expand competitive market opportunities for United
18 States exports and to obtain fairer and more open
19 conditions of trade by reducing or eliminating tariff and
20 nontariff barriers and policies and practices of foreign
21 governments directly related to trade that decrease market

1 opportunities for United States exports or distort United
2 States trade.

3 (2) TRADE IN SERVICES. - The principal negotiating
4 objective of the United States regarding trade in services
5 is to reduce or eliminate barriers to international trade in
6 services, including regulatory and other barriers that deny
7 national treatment and unreasonably restrict the
8 establishment and operations of service suppliers.

9 (3) FOREIGN INVESTMENT. - The principal
10 negotiating objective of the United States regarding
11 foreign investment is to reduce or eliminate artificial or
12 trade-distorting barriers to United States foreign
13 investment by -

14 (A) reducing or eliminating exceptions to the
15 principle of national treatment;

16 (B) freeing the transfer of funds relating to
17 investments;

18 (C) reducing or eliminating performance
19 requirements and other unreasonable barriers to the
20 establishment and operation of investments;

21 (D) establishing standards for expropriation

1 and compensation for expropriation consistent with
2 United States legal principles and practice; and
3 (E) providing meaningful procedures for
4 resolving investment disputes.

5 (4) INTELLECTUAL PROPERTY. - The principal
6 negotiating objectives of the United States regarding
7 trade-related intellectual property are -

8 (A) to further promote adequate and effective
9 protection of intellectual property rights, including
10 through -

11 (i) ensuring full implementation of the
12 Agreement on Trade-Related Aspects of
13 Intellectual Property Rights referred to in
14 section 101(d)(15) of the Uruguay Round
15 Agreements Act (19 U.S.C. 3511(d)(15)), and
16 achieving improvements in the standards of
17 that Agreement;

18 (ii) providing strong protection for new
19 and emerging technologies and new methods
20 of transmitting and distributing products
21 embodying intellectual property;

1 (iii) preventing or eliminating
2 discrimination with respect to matters
3 affecting the availability, acquisition, scope,
4 maintenance, use, and enforcement of
5 intellectual property rights; and

6 (iv) providing strong enforcement of
7 intellectual property rights, including through
8 accessible, expeditious, and effective civil,
9 administrative, and criminal enforcement
10 mechanisms; and

11 (B) to secure fair, equitable, and
12 nondiscriminatory market access opportunities for
13 United States persons that rely upon intellectual
14 property protection.

15 (5) TRANSPARENCY. - The principal negotiating
16 objective of the United States with respect to transparency
17 is to obtain broader application of the principle of
18 transparency through -

19 (A) increased and more timely public access to
20 information regarding trade issues and the activities
21 of international trade institutions; and

1 (B) increasing the openness of dispute
2 settlement proceedings, including under the World
3 Trade Organization.

4 (6) AGRICULTURE. - The principal negotiating
5 objective of the United States with respect to agriculture
6 is to achieve fairer and more open conditions of trade in
7 agricultural commodities by -

8 (A) reducing or eliminating tariffs or other
9 charges that decrease market opportunities for
10 United States exports;

11 (B) reducing or eliminating subsidies that
12 decrease market opportunities for United States
13 exports or distort agricultural markets to the
14 detriment of the United States;

15 (C) developing, strengthening, and clarifying
16 rules that address practices that unfairly decrease
17 United States market access opportunities or distort
18 agricultural markets to the detriment of the United
19 States, including -

20 (i) unfair or trade-distorting activities of
21 state trading enterprises and other

- 1 administrative mechanisms;
- 2 (ii) unjustified restrictions or
- 3 commercial requirements affecting new
- 4 technologies, including biotechnology;
- 5 (iii) unjustified sanitary or phytosanitary
- 6 restrictions;
- 7 (iv) other unjustified technical barriers to
- 8 trade; and
- 9 (v) restrictive rules in the administration
- 10 of tariff rate quotas.

11 (7) WORKER RIGHTS AND ENVIRONMENTAL
 12 PROTECTION. - The principal negotiating objectives of the
 13 United States regarding worker rights and protection of
 14 the environment are, through the World Trade
 15 Organization, -

16 (A) to promote respect for internationally
 17 recognized worker rights, including with regard to
 18 child labor;

19 (B) to secure a review of the relationship of
 20 internationally recognized worker rights to the
 21 provisions, objectives, and instruments of the World

1 Trade Organization with a view to ensuring that the
 2 benefits of the trading system are available to all
 3 workers;

4 (C) to adopt, as a principle of the World Trade
 5 Organization, that the denial of internationally
 6 recognized worker rights should not be a means for
 7 a country or its industries to gain competitive
 8 advantage in international trade;

9 (D) to promote sustainable development; and

10 (E) to seek to ensure that trade and
 11 environmental protection are mutually supportive,
 12 including through further clarification of the
 13 relationship between them.

14 The United States will also seek to establish in the
 15 International Labor Organization a mechanism for the
 16 systematic examination of, reporting on, and
 17 accountability for the extent to which member
 18 governments promote and enforce core labor standards.

19 (c) GUIDANCE FOR NEGOTIATORS. -

20 (1) In pursuing the negotiating objectives described
 21 in subsection (b), United States negotiators shall take into

1 account United States domestic objectives including, but
2 not limited to, the protection of health or safety, essential
3 security, environmental, consumer or employment
4 opportunity interests and the law and regulations related
5 thereto.

6 (2) In the course of negotiations conducted under
7 this Act, the United States Trade Representative shall -

8 (A) consult closely and on a timely basis with,
9 and keep fully apprised of the negotiations, the
10 congressional advisers on trade policy and
11 negotiations appointed under section 161 of the
12 Trade Act of 1974; and

13 (B) take into account the need for the United
14 States to retain the ability to enforce rigorously its
15 trade laws in order to ensure that United States
16 workers, agricultural producers, and firms can
17 compete on fair terms and enjoy the benefits of
18 reciprocal trade concessions.

19 (d) ADHERENCE TO OBLIGATIONS UNDER URUGUAY
20 ROUND AGREEMENTS. - In determining whether to enter into
21 negotiations with a particular country, the President shall take

1 into account the extent to which that country has implemented,
 2 or has accelerated the implementation of, its obligations under
 3 the Uruguay Round Agreements (as defined in section 2 of the
 4 Uruguay Round Agreements Act).

5 **SEC. 3. TRADE AGREEMENTS PROCEDURES.**

6 (a) AGREEMENTS REGARDING TARIFF BARRIERS. -

7 (1) IN GENERAL. - Whenever the President
 8 determines that one or more existing duties or other
 9 import restrictions of any foreign country or the United
 10 States are unduly burdening and restricting the foreign
 11 trade of the United States and that the purposes and
 12 policies of this Act will be promoted thereby, the
 13 President -

14 (A) before October 1, 2001 (or October 1,
 15 2005, if fast track procedures are extended under
 16 subsection (c)), may enter into trade agreements
 17 with foreign countries; and

18 (B) may, subject to paragraphs (2) and (3),
 19 proclaim -

20 (i) such modification or continuance of
 21 any existing duty,

1 (ii) such continuance of existing duty-
2 free or excise treatment, or

3 (iii) such additional duties,
4 as the President determines to be required or
5 appropriate to carry out any such trade agreement.

6 (2) LIMITATIONS. - No proclamation may be made
7 under paragraph (1) that -

8 (A) reduces any rate of duty (other than a rate
9 of duty that does not exceed 5 percent ad valorem
10 on the date of the enactment of this Act) to a rate of
11 duty which is less than 50 percent of the rate of such
12 duty that applies on such date of enactment;

13 (B) provides for a reduction in duty on an
14 article to take effect on a date that is more than 10
15 years after the first reduction that is proclaimed to
16 carry out a trade agreement with respect to such
17 article; or

18 (C) increases any rate of duty above the rate
19 that applied on January 1, 1996.

20 (3) AGGREGATE REDUCTION; EXEMPTION FROM
21 STAGING. -

1 (A) AGGREGATE REDUCTION. - Except as
2 provided in subparagraph (B), the aggregate
3 reduction in the rate of duty on any article which is
4 in effect on any day pursuant to a trade agreement
5 entered into under paragraph (1) shall not exceed
6 the aggregate reduction which would have been in
7 effect on such day if -

8 (i) a reduction of 3 percent ad valorem
9 or a reduction of one-tenth of the total
10 reduction, whichever is greater, had taken
11 effect on the effective date of the first
12 reduction proclaimed under paragraph (1) to
13 carry out such agreement with respect to such
14 article, and

15 (ii) a reduction equal to the amount
16 applicable under clause (i) had taken effect at
17 1-year intervals after the effective date of such
18 first reduction.

19 (B) EXEMPTION FROM STAGING. - No
20 staging is required under subparagraph (A) with
21 respect to a duty reduction that is proclaimed under

1 paragraph (1) for an article of a kind that is not
2 produced in the United States. The United States
3 International Trade Commission shall advise the
4 President of the identity of articles that may be
5 exempted from staging under this subparagraph.

6 (4) ROUNDING. - If the President determines that
7 such action will simplify the computation of reductions
8 under paragraph (3), the President may round an annual
9 reduction by an amount equal to the lesser of -

10 (A) the difference between the reduction
11 without regard to this paragraph and the next lower
12 whole number; or

13 (B) one-half of 1 percent ad valorem.

14 (5) OTHER LIMITATIONS. - A rate of duty reduction
15 or increase that may not be proclaimed by reason of
16 paragraph (2) may take effect only if a provision
17 authorizing such reduction or increase is included within
18 an implementing bill provided for under section 5 and that
19 bill is enacted into law.

20 (6) OTHER TARIFF MODIFICATIONS. -

21 (A) Subject to the consultation and layover

1 requirements of section 115 of the Uruguay Round
 2 Agreements Act, the President may proclaim the
 3 modification of any duty or staged rate reduction of
 4 any duty set forth in Schedule XX, as defined in
 5 section 2(5) of that Act, if the United States agrees
 6 to such modification or staged rate reduction in a
 7 negotiation for the reciprocal elimination or
 8 harmonization of duties under the auspices of the
 9 World Trade Organization or as part of an interim
 10 agreement leading to the formation of a regional
 11 free-trade area.

12 (B) Paragraphs 1-5 of this subsection shall not
 13 limit the authority provided to the President in
 14 subparagraph (A) or in section 111(b) of the
 15 Uruguay Round Agreements Act.

16 (b) AGREEMENTS REGARDING TARIFF AND NON-TARIFF
 17 BARRIERS. -

18 (1) IN GENERAL. - Whenever the President
 19 determines that -

20 (A) one or more existing duties or other
 21 import restrictions of any foreign country or the

1 United States, or any other barrier to, or other
2 distortion of, international trade unduly burdens or
3 restricts the foreign trade of the United States or
4 adversely affects the United States economy; or

5 (B) the imposition of any such import
6 restriction, barrier, or distortion is likely to result in
7 such a burden, restriction, or effect;

8 and that the purposes and policies of this Act will be
9 promoted thereby, the President may, before October 1,
10 2001 (or October 1, 2005, if fast track procedures are
11 extended under subsection (c)), enter into trade
12 agreements with foreign countries providing for -

13 (i) the reduction or elimination of such
14 duty, restriction, barrier, or other distortion, or

15 (ii) the prohibition of, or limitation on
16 the imposition of, such barrier or other
17 distortion.

18 (2) CONDITIONS. - A trade agreement may be
19 entered into under this subsection only if such agreement
20 makes progress in meeting the applicable objectives
21 described in section 2(b).

1 (3) BILLS QUALIFYING FOR “FAST TRACK”
2 PROCEDURES. -

3 (A) The provisions of section 151 of the Trade
4 Act of 1974, as amended by subparagraph (B) of
5 this paragraph, (in this Act referred to as “fast track
6 procedures”) apply to implementing bills (as
7 defined in subsection (b)(1) of such section)
8 submitted with respect to trade agreements entered
9 into under section (3)(b) of this Act.

10 (B) Section 151(b)(1) of the Trade Act of
11 1974 is amended by striking subparagraph (C) and
12 inserting -

13 “(C)(i) if changes in existing laws or
14 new statutory authority is required to
15 implement such trade agreement or
16 agreements or such extension,
17 provisions which are necessary or
18 appropriate to implement such trade
19 agreement or agreements or extension
20 and which are related to trade, either
21 repealing or amending existing laws or

1 providing new statutory authority; and
 2 (ii) provisions necessary for purposes of
 3 complying with section 252 of the
 4 Balanced Budget and Emergency Deficit
 5 Control Act of 1985 in implementing
 6 the applicable trade agreement.”

7 (c) APPLICATION AND EXTENSION OF “FAST TRACK”
 8 PROCEDURES . -

9 (1) IN GENERAL. - Except as provided in section
 10 5(b) -

11 (A) fast track procedures apply to
 12 implementing bills submitted with respect to trade
 13 agreements entered into under subsection (b) before
 14 October 1, 2001; and

15 (B) fast track procedures shall be extended to
 16 implementing bills submitted with respect to trade
 17 agreements entered into under subsection (b) after
 18 September 30, 2001, and before October 1, 2005, if
 19 (and only if) -

20 (i) the President requests such extension
 21 under paragraph (2); and

1 (ii) neither House of the Congress adopts
2 an extension disapproval resolution under
3 paragraph (5) before October 1, 2001.

4 (2) REPORT TO CONGRESS BY THE PRESIDENT. -

5 If the President is of the opinion that fast track procedures
6 should be extended to implementing bills described in
7 paragraph (1)(B), the President shall submit to the
8 Congress, not later than July 1, 2001, a written report that
9 contains a request for such extension, together with -

10 (A) a description of all trade agreements that
11 have been negotiated under subsection (b) and the
12 anticipated schedule for submitting such agreements
13 to the Congress for approval;

14 (B) a description of the progress that has been
15 made in negotiations to achieve the purposes and
16 policies of this Act, and a statement that such
17 progress justifies the continuation of negotiations;
18 and

19 (C) a statement of the reasons why the
20 extension is needed to complete the negotiations.

21 (3) REPORT TO CONGRESS BY THE ADVISORY

1 COMMITTEE. - The President shall promptly inform the
2 Advisory Committee for Trade Policy and Negotiations
3 established under section 135 of the Trade Act of 1974
4 (19 U.S.C. 2155) of the President's decision to submit a
5 report to the Congress under paragraph (2). The Advisory
6 Committee shall submit to the Congress as soon as
7 practicable, but not later than August 1, 2001, a written
8 report that contains -

9 (A) its views regarding the progress that has
10 been made in negotiations to achieve the purposes
11 and policies of this Act; and

12 (B) a statement of its views, and the reasons
13 therefor, regarding whether the extension requested
14 under paragraph (2) should be approved or
15 disapproved.

16 (4) REPORTS MAY BE CLASSIFIED. - The reports
17 submitted to the Congress under paragraphs (2) and (3),
18 or any portion of the reports, may be classified to the
19 extent the President determines appropriate.

20 (5) EXTENSION DISAPPROVAL RESOLUTIONS. -

21 (A) For purposes of this subsection, the term

1 “extension disapproval resolution” means a
 2 resolution of either House of the Congress, the sole
 3 matter after the resolving clause of which is as
 4 follows: “That the ____ disapproves the request of
 5 the President for the extension, under section
 6 3(c)(1)(B)(i) of the Export Expansion and
 7 Reciprocal Trade Agreements Act of 1997, of the
 8 provisions of section 151 of the Trade Act of 1974
 9 to any implementing bill submitted with respect to
 10 any trade agreement entered into under section 3(b)
 11 of the Export Expansion and Reciprocal Trade
 12 Agreements Act of 1997 after September 30,
 13 2001.”, with the blank space being filled with the
 14 name of the resolving House of the Congress.

15 (B) Extension disapproval resolutions -

16 (i) may be introduced in either House of
 17 the Congress by any member of such House;
 18 and

19 (ii) shall be jointly referred, in the House
 20 of Representatives, to the Committee on Ways
 21 and Means and the Committee on Rules.

1 (C) The provisions of sections 152(d) and (e)
 2 of the Trade Act of 1974 (19 U.S.C. 2192(d) and
 3 (e)) (relating to the floor consideration of certain
 4 resolutions in the House and Senate) apply to
 5 extension disapproval resolutions.

6 (D) It is not in order for -

7 (i) the Senate to consider any extension
 8 disapproval resolution not reported by the
 9 Committee on Finance;

10 (ii) the House of Representatives to
 11 consider any extension disapproval resolution
 12 not reported by the Committee on Ways and
 13 Means and the Committee on Rules; or

14 (iii) either House of the Congress to
 15 consider an extension disapproval resolution
 16 after September 30, 2001.

17 **SEC. 4. NOTICE AND CONSULTATIONS.**

18 (a) NOTICE AND CONSULTATION BEFORE
 19 NEGOTIATION. - The President, at least 90 calendar days before
 20 initiating negotiations on any agreement that is subject to the
 21 provisions of section 3(b), shall -

1 (1) provide written notice to the Congress of the
 2 President's intent to enter into the negotiations and set
 3 forth therein the date the President intends to initiate such
 4 negotiations, the specific United States objectives for the
 5 negotiations, and whether the President intends to seek an
 6 agreement or changes to an existing agreement; and

7 (2) before and after submission of the notice, consult
 8 regarding the negotiations with the Committee on Finance
 9 of the Senate and the Committee on Ways and Means of
 10 the House of Representatives and such other committees
 11 of the House and Senate as the President deems
 12 appropriate.

13 (b) CONSULTATION WITH CONGRESS BEFORE
 14 AGREEMENTS ENTERED INTO. -

15 (1) CONSULTATION. - Before entering into any
 16 trade agreement under section 3(b), the President shall
 17 consult with -

18 (A) the Committee on Ways and Means of the
 19 House of Representatives and the Committee on
 20 Finance of the Senate; and

21 (B) each other committee of the House and the

1 Senate, and each joint committee of the Congress,
2 which has jurisdiction over legislation involving
3 subject matters which would be affected by the
4 trade agreement.

5 (2) SCOPE. -- The consultation described in
6 paragraph (1) shall include consultation with respect to -

7 (A) the nature of the agreement;

8 (B) how and to what extent the agreement will
9 achieve the applicable purposes and policies of this
10 Act; and

11 (C) plans regarding the implementation of the
12 agreement under section 5, including whether the
13 agreement includes subject matter for which
14 supplemental implementing legislation may be
15 required which is not subject to fast track
16 procedures; and

17 (D) any other agreement or agreements the
18 President has entered into or intends to enter into
19 with the country or countries in question.

20 (c) ADVISORY COMMITTEE REPORTS. - The report
21 required under section 135(e)(1) of the Trade Act of 1974

1 regarding any trade agreement entered into under section 3(b)
 2 of this Act shall be provided to the President, the Congress, and
 3 the United States Trade Representative not later than 30
 4 calendar days after the date on which the President notifies the
 5 Congress under section 5(a)(1)(A) of the President's intention
 6 to enter into the agreement.

7 **SEC. 5. IMPLEMENTATION OF TRADE AGREEMENTS.**

8 (a) IN GENERAL. -

9 (1) NOTIFICATION AND SUBMISSION. - Any
 10 agreement entered into under section 3(b) shall enter into
 11 force with respect to the United States if (and only if) -

12 (A) the President, at least 90 calendar days
 13 before the day on which the President enters into the
 14 trade agreement, notifies the House of
 15 Representatives and the Senate of the President's
 16 intention to enter into the agreement, and promptly
 17 thereafter publishes notice of such intention in the
 18 Federal Register;

19 (B) within 60 calendar days after entering into
 20 the agreement, the President submits to the
 21 Congress a description of those changes to existing

1 laws that the President considers would be required
2 in order to bring the United States into compliance
3 with the agreement;

4 (C) after entering into the agreement, the
5 President submits a copy of the final legal text of
6 the agreement, together with -

7 (i) a draft of an implementing bill;

8 (ii) a statement of any administrative
9 action proposed to implement the trade
10 agreement; and

11 (iii) the supporting information
12 described in paragraph (2); and

13 (D) the implementing bill is enacted into law.

14 (2) SUPPORTING INFORMATION. - The
15 supporting information required under paragraph
16 (1)(C)(iii) consists of -

17 (A) an explanation as to how the
18 implementing bill and proposed administrative
19 action will change or affect existing law; and

20 (B) a statement -

21 (i) asserting that the agreement makes

1 progress in achieving the applicable purposes
2 and policies of this Act; and

3 (ii) setting forth the reasons of the
4 President regarding -

5 (I) how and to what extent the
6 agreement makes progress in achieving
7 the applicable purposes and policies
8 referred to in clause (i), and why and to
9 what extent the agreement does not
10 achieve other applicable purposes and
11 policies;

12 (II) whether and how the
13 agreement changes provisions of an
14 agreement previously negotiated;

15 (III) how the agreement serves the
16 interests of United States commerce;
17 and

18 (IV) why the implementing bill
19 and proposed administrative action are
20 required or appropriate to carry out the
21 agreement.

1 (3) RECIPROCAL BENEFITS. - To ensure that a
2 foreign country which receives benefits under a trade
3 agreement entered into under section 3(b) is subject to the
4 obligations imposed by such agreement, the President
5 shall recommend to Congress in the implementing bill
6 and statement of administrative action submitted with
7 respect to such agreement that the benefits and obligations
8 of such agreement apply solely to the parties to such
9 agreement, if such application is consistent with the terms
10 of such agreement. The President may also recommend
11 with respect to any such agreement that the benefits and
12 obligations of such agreement not apply uniformly to all
13 parties to such agreement, if such application is consistent
14 with the terms of such agreement.

15 (b) LIMITATIONS ON FAST TRACK PROCEDURES. -

16 (1) FOR LACK OF CONSULTATIONS. -

17 (A) Fast track procedures shall not apply to
18 any implementing bill submitted with respect to a
19 trade agreement entered into under section 3(b) if
20 both Houses of Congress separately agree to a
21 procedural disapproval resolution within any 60

1 calendar-day period.

2 (B) For purposes of this paragraph, the term
 3 “procedural disapproval resolution” means a
 4 resolution of either House of the Congress, the sole
 5 matter after the resolving clause of which is as
 6 follows: “That the President has failed or refused to
 7 consult with the Congress on trade negotiations and
 8 trade agreements in accordance with section 4(b) of
 9 the Export Expansion and Reciprocal Trade
 10 Agreements Act of 1997 and, therefore, the
 11 provisions of section 151 of the Trade Act of 1974
 12 shall not apply to any implementing bill submitted
 13 with respect to any trade agreement entered into
 14 under section 3(b) of the Export Expansion and
 15 Reciprocal Trade Agreements Act 1997.”.

16 (2) PROCEDURES FOR CONSIDERING
 17 RESOLUTIONS. -

18 (A) PROCEDURAL DISAPPROVAL
 19 RESOLUTIONS -

20 (i) in the House of Representatives -

21 (I) shall be introduced by the

1 chairman or ranking minority member
2 of the Committee on Ways and Means
3 or the chairman or ranking minority
4 member of the Committee on Rules;

5 (II) shall be jointly referred to the
6 Committee on Ways and Means and the
7 Committee on Rules; and

8 (III) may not be amended by either
9 Committee; and

10 (ii) in the Senate shall be original
11 resolutions of the Committee on Finance.

12 (B) The provisions of section 152(d) and (e) of
13 the Trade Act of 1974 (19 U.S.C. 2192(d) and (e))
14 (relating to the floor consideration of certain
15 resolutions in the House and Senate) apply to
16 procedural disapproval resolutions.

17 (C) It is not in order for the House of
18 Representatives to consider any procedural
19 disapproval resolution not reported by the
20 Committee on Ways and Means and the Committee
21 on Rules.

1 (c) RULES OF HOUSE OF REPRESENTATIVES AND
 2 SENATE. - Subsection (b) of this section and section 3(c) are
 3 enacted by the Congress -

4 (1) as an exercise of the rulemaking power of the
 5 House of Representatives and the Senate, respectively,
 6 and as such are deemed a part of the rules of each House,
 7 respectively, and such procedures supersede other rules
 8 only to the extent that they are inconsistent with such
 9 other rules; and

10 (2) with the full recognition of the constitutional
 11 right of either House to change the rules (so far as relating
 12 to the procedures of that House) at any time, in the same
 13 manner, and to the same extent as any other rule of that
 14 House.

15 **SEC. 6. TREATMENT OF CERTAIN TRADE AGREEMENTS.**

16 (a) NEGOTIATIONS UNDER THE WORLD TRADE
 17 ORGANIZATION. - The provisions of section 4(a) shall not
 18 apply to agreements that result from negotiations -

19 (1) under the auspices of the World Trade
 20 Organization regarding trade in information technology
 21 products, or;

1 (2) or work programs initiated pursuant to a
 2 Uruguay Round Agreement, as defined in section 2 of the
 3 Uruguay Round Agreements Act,
 4 that were commenced before the date of the enactment of this
 5 Act, and the applicability of fast track procedures to such
 6 agreements shall be determined without regard to the
 7 requirements of section 4(a).

8 (b) AGREEMENT WITH CHILE. - If an agreement to which
 9 section 3(b) applies is entered into with Chile after the date of
 10 the enactment of this Act and results from negotiations that
 11 were commenced before such date of enactment the provisions
 12 of section 4(a) shall not apply to such agreement and the
 13 applicability of fast track procedures to such agreement shall
 14 be determined without regard to the requirements of section
 15 4(a).

16 **SEC. 7. DEFINITIONS AND CONFORMING AMENDMENTS.**

17 (a) DEFINITIONS. - For purposes of this Act:

- 18 (1) The term "core labor standards" means -
 19 (A) freedom of association;
 20 (B) the right to organize and bargain
 21 collectively;

- 1 (C) a prohibition on forced labor;
- 2 (D) a prohibition on exploitative child labor;
- 3 and
- 4 (E) a prohibition on discrimination in
- 5 employment.

6 (2) The term “distortion” includes, but is not limited
7 to, a subsidy.

8 (3) The term “foreign country” includes any foreign
9 instrumentality. Any territory or possession of a foreign
10 country that is administered separately for customs
11 purposes, shall be treated as a separate foreign country.

12 (4) The term “internationally recognized worker
13 rights” has the meaning ascribed to that term in section
14 507(4) of the Trade Act of 1974, as amended.

15 (5) The term “trade” includes, but is not limited to -

- 16 (A) trade in both goods and services, and
- 17 (B) foreign investment by United States
- 18 persons, especially if such investment has
- 19 implications for trade in goods and services.

20 (b) CONFORMING AMENDMENTS. - Title I of the Trade
21 Act of 1974 (19 U.S.C. 2111 and following) is amended as

1 follows -

2 (1) Section 151(b)(1) (19 U.S.C. 2191(b)(1)) is
3 amended by replacing “section 1103(a)(1) of the Omnibus
4 Trade and Competitiveness Act of 1988” with “section
5 5(a)(1) of the Export Expansion and Reciprocal Trade
6 Agreements Act of 1997”.

7 (2) Section 131 (19 U.S.C. 2151) is amended -

8 (A) in subsection (a) -

9 (i) in paragraph (1), by replacing
10 “section 123 of this Act or section 1102 (a) or
11 (c) of the Omnibus Trade and
12 Competitiveness Act of 1988” with “section
13 3(a) or (b) of the Export Expansion and
14 Reciprocal Trade Agreements Act of 1997”;
15 and

16 (ii) in paragraph (2), by replacing
17 “section 1102(b) or (c) of the Omnibus Trade
18 and Competitiveness Act of 1988” with
19 “section 3(b) of the Export Expansion and
20 Reciprocal Trade Agreements Act of 1997”;
21 and

1 (B) in subsection (b), by replacing “section
 2 1102(a)(3)(A) of the Omnibus Trade and
 3 Competitiveness Act of 1988” with “section
 4 3(a)(3)(A) of the Export Expansion and Reciprocal
 5 Trade Agreements Act of 1997”; and

6 (C) in subsection (c), by replacing “section
 7 1102 of the Omnibus Trade and Competitiveness
 8 Act of 1988,” with “section 3 of the Export
 9 Expansion and Reciprocal Trade Agreements Act of
 10 1997”.

11 (3) Sections 132, 133(a), 134(a), and 162(a) (19
 12 U.S.C. 2152, 2153(a), 2154(a), and 2212(a)) are each
 13 amended by replacing “section 1102 of the Omnibus
 14 Trade and Competitiveness Act of 1988”, each time it
 15 appears, with “section 3 of the Export Expansion and
 16 Reciprocal Trade Agreements Act of 1997”.

17 (4) Section 134(b) (19 U.S.C. 2154(b)) is amended
 18 by replacing “section 1102 of the Omnibus Trade and
 19 Competitiveness Act of 1988” with “section 3 of the
 20 Export Expansion and Reciprocal Trade Agreements Act
 21 of 1997”.

1 (5) Section 135(a)(1)(A) (19 U.S.C. 2155(a)(1)(A))
2 is amended by replacing “section 1102 of the Omnibus
3 Trade and Competitiveness Act of 1988” with “section 3
4 of the Export Expansion and Reciprocal Trade
5 Agreements Act of 1997”.

6 (6) Section 135(e) (19 U.S.C. 2155(e)) is
7 amended -

8 (A) in paragraph (1), by replacing “section
9 1102 of the Omnibus Trade and Competitiveness
10 Act of 1988”, each time it appears, with “section 3
11 of the Export Expansion and Reciprocal Trade
12 Agreements Act of 1997”, and by replacing “section
13 1103(a)(1)(A) of the Omnibus Trade and
14 Competitiveness Act of 1988” with “section
15 5(a)(1)(A) of the Export Expansion and Reciprocal
16 Trade Agreements Act of 1997”; and

17 (B) in paragraph (2), by replacing “section
18 1101 of the Omnibus Trade and Competitiveness
19 Act of 1988” with “section 2 of the Export
20 Expansion and Reciprocal Trade Agreements Act of
21 1997”.

1 (c) APPLICATION OF CERTAIN PROVISIONS. - For
2 purposes of applying sections 125, 126, and 127 of the
3 Trade Act of 1974 (19 U.S.C. 2135, 2136(a), and 2137) -

4 (1) any trade agreement entered into under section
5 3 shall be treated as an agreement entered into under
6 section 101 or 102, as appropriate, of the Trade Act of
7 1974 (19 U.S.C. 2111 or 2112); and

8 (2) any proclamation or Executive order issued
9 pursuant to a trade agreement entered into under section
10 3 shall be treated as a proclamation or Executive order
11 issued pursuant to a trade agreement entered into under
12 section 102 of the Trade Act of 1974.

Section-by-Section Analysis**Section 1. Short Title.****Section 2. Negotiating Objectives.**

Section 2 of the proposal sets out the "overall" and "principal" objectives that will guide the President in negotiating future trade agreements covered by the proposal. This format parallels that of section 1101 of the Omnibus Trade and Competitiveness Act of 1988, which in turn was based on a similar structure in the Trade Act of 1974. These objectives address, among other subjects, trade barriers and distortions, including these aspects of foreign government policies and practices directly related to trade; trade in services; U.S. foreign investment; intellectual property; transparency; agriculture; and the protection of worker rights and the environment through specified multilateral institutions.

Section 2(c) calls on U.S. negotiators to take important domestic policy objectives, such as the protection of human health and the environment and national security, into account when negotiating fast-track trade agreements. Negotiators are also instructed to ensure that the United States will retain the ability to vigorously enforce U.S. trade laws. In addition to the other Congressional consultation requirements set out in the proposal, section 2(c) instructs U.S. negotiators to ensure that designated congressional advisors are kept fully informed during the course of trade negotiations.

Section 3. Proclamation Authority and Fast-Track Implementing Proposals.

Section 3(a) provides the President with authority to reduce U.S. tariff rates under specified circumstances -- without seeking further approval from the Congress -- in return for concessions from U.S. trading partners. Much of the language on this subject is derived from earlier versions of tariff proclamation authority, with antecedents dating back to the mid-1930s. The proposal adds a provision that will allow the President to implement reciprocal, tariff harmonization or elimination agreements on a sectoral or regional basis, consistent with World Trade Organization rules.

Section 3(b) provides that the President may negotiate and bring back to the Congress for approval and implementation under the fast-track procedures set out in section 151 of the Trade Act of 1974 certain trade agreements addressing tariff barriers, non-tariff barriers, or both. Those procedures call for the Congress

to vote on agreements and their implementing legislation without amendment and within a fixed time period. Changes in U.S. law required to carry out a trade agreement may be included in fast-track implementing legislation only if the changes are both necessary or appropriate to implement the agreement and are related to trade. For an implementing bill to be subject to fast-track Congressional review, the President must adhere to numerous notice and consultation requirements included in the proposal.

Under the proposal, the President's tariff proclamation authority, as well as fast-track procedures for implementing legislation, will be in effect until October 1, 2001. On request from the President, proclamation authority and fast-track procedures may be extended through September 30, 2005, subject to disapproval by either House of Congress.

Sections 4 and 5. Notice, Consultations, and Implementation.

Sections 4 and 5 contain a number of provisions requiring the President to notify and consult with the Congress before and during trade negotiations. These provisions ensure that the Congress is fully integrated into the formulation of U.S. goals, strategies, and decision-making for each trade negotiation. Section 5 establishes an expedited procedure for Congress to withdraw fast track if it finds that the Administration is not adequately consulting the Congress on trade negotiations.

Certain of the notice and consultation requirements included in sections 4 and 5 are drawn from equivalent provisions in the Omnibus Trade and Competitiveness Act of 1988. For example, the President must provide advance notice to the Congress before initiating a negotiation and must consult with the Congress before an agreement is concluded. The President must also describe in detail at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and administrative authority to carry out the agreement.

In addition, the proposal provides for Congress and the President to receive advice from the relevant private sector advisory committees concerning any agreement that the President has negotiated -- before it is signed. The advisory committees cover a broad range of sectors and policy matters, including manufactured goods, agricultural commodities, services, intellectual property, foreign investment, labor, and the environment. Under existing law, the President must also consult with these committees regarding his objectives and bargaining

positions in the negotiations. In addition, the President must solicit advice from the United States International Trade Commission, as well as views from the public, in connection with an agreement that would change U.S. tariff levels.

The proposal adds new consultation requirements to further enhance Congressional oversight of the negotiation process for fast-track trade agreements. For example, the President must spell out for the Congress before negotiations begin his specific negotiating objectives and is required to consult with the Congress over the course of the negotiations. The President also must inform the Congress of any other agreements -- in addition to the trade agreement -- he intends to conclude. The President must also state whether the trade agreement will need to be implemented in part by legislation that is not subject to fast-track procedures.

Section 6. On-going Negotiations.

The proposal waives the requirement for the President to provide advance notification to the Congress of certain negotiations initiated prior to enactment of the proposal. These include negotiations commenced in 1995 with the Government of Chile on a comprehensive trade agreement and certain negotiations under the World Trade Organization that are currently underway or that may be initiated before the President's proposal is enacted. The requirement for the President to provide notice to, and consult with, the Congress over the course of the negotiations will continue to apply to these negotiations.

Section 7. Conforming Amendments.

The proposal makes changes to other statutes necessary to ensure that earlier provisions of law applicable to fast-track trade agreements continue to apply. For example, these amendments ensure that the public and private sector views are solicited regarding any trade negotiations initiated under the proposal.